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Message Text

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45
ACTION EB-07

INFO OCT-01 EA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

PRS-01 IO-10 /098 W
---------- 079438
R 090954Z MAY 75
FM AMCONSUL PORT MORESBY
TO SECSTATE WASHDC 502
INFO AMEMBASSY CANBERRA
AMEMBASSY JAKARTA
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMCONSUL SYDNEY

C O N F I D E N T I A L PORT MORESBY 0425

E.O. 11652: GDS
TAGS: ENRG, PP
SUBJECT: PHILLIPS OIL STRIKES 13TH DRY HOLE

1. PHILLIPS PETROLEUM EXPLORATIONS MANAGER IN PORT MORESBY DONALD LIBRAND TOLD CONGEN OFF HIS CONSORTIUM (CONSISTING OF PHILLIPS AUSTRALIAN OIL, CANADIAN SUPERIOR OIL (AUST.), AUSTRALIAN SUPERIOR OIL, SUNREY AUSTRALIAN OIL AND ARCO AUSTRALIAN) HAD HIT ITS 13TH DRY HOLE SINCE DRILLING BEGAN IN 1965. TWO OF THOSE HOLES HIT GAS, BUT IN INSUFFICIENT QUANTITY TO WARRENT COMMERCIAL EXPLOITATION ACCORDING TO LIBRAND.

2. PHILLIPS CONTROLS TWO PROSPECTING AUTHORITIES IN THE GULF OF PAPUA AND IS COMMITTED TO DRILLING THREE MORE TEST HOLES IN THE NEXT THREE YEARS. THE CONSORTIUM HAS SPENT APPROXIMATELY US$20 MILLION THUS FAR.
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3. THE 13TH HOLE WAS DRILLED TO DEPTH OF 16,000 FEET, BY FAR THE DEEPEST YET. PHILLIPS IS CLOSING DOWN OPERATIONS NOW UNTIL NEXT YEAR WHEN DRILLING WILL RECOMMENCE.

4. GPNG RECENTLY AUTHORIZED PHILLIPS CONSORTIUM TO TRANSFER 37 1/2 PERCENT OF ITS INTEREST IN PERMITS TO ESSO FURTHER DILUTING RISK AND COST FACTORS FOR ORIGINAL GROUP.

5. COMMENT: ALTHOUGH PHILLIPS UNWILLING TO CALL IT QUITS, IT IS MOVING AHEAD QUITE DELIBERATELY AND AS PARA 4 INDICATES IS TRYING TO LOWER EXPLORATION COSTS BY BRINGING IN ANOTHER PARTNER. ITS ORIGINAL 25 PERCENT SHARE IS SUBSTANTIALLY REDUCED BY ESSO TAKE UP. PHILLIPS MANAGER REMAINS REASONABLY OPTOMISTIC THAT COMMERCIALLY EXPLOITABLE OIL DEPOSITS ARE IN GULF FOR THE FINDING ALTHOUGH RESULTS TO DATE ARE DISAPPOINTING. WITH US$20 MILLION INVESTMENT, GROUP CAN BE EXPECTED TO CONTINUE ITS INVOLVEMENT. END COMMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Disposition Authority: ellisoob
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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To: STATE
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